

## Iran and India:

### Assessing the Rafsanjani Trip

Apr 26, 1995



#### Brief Analysis

**N**EW DELHI -- President Rafsanjani's trip here last week received widespread publicity largely because it coincided with -- and reportedly upstaged -- Treasury Secretary Rubin's visit to India. In a larger sense, though, as Washington seeks to contain Iran's growing ties with Russia and China, Rafsanjani's trip to this other Asian powerhouse underscores both the strengths and weaknesses of U.S. policy toward Tehran.

#### Key Features of the Rafsanjani Visit

Rafsanjani's three-day, whirlwind visit to India included such "highlights" as Indian Prime Minister Rao's unusual decision to meet him at the airport within the same general time-frame as Rubin's arrival, a speech by Rafsanjani before the Indian Parliament, a state dinner in Rafsanjani's honor and meetings with numerous senior Indian government officials.

The visit also produced a joint communique which focused on a range of economic and political issues. On the economic front, the statement called for:

• expediting work on a feasibility study -- to be completed by the end of the year -- on a 2,200-kilometer gas pipeline from Iran to India; • expanding cooperation in several other economic sectors, including developing the railway travel and transport to connect Iran to central Asia; • enhancing mutual trade and economic linkages with central Asia; and • addressing "urgently" the issue of funding for these projects.

Politically, the two sides concurred that terrorism was the main impediment in resolving "all outstanding issues and differences" in the region (e.g., between India and Pakistan). They also called for full representation for the developing countries of Asia in a restructured U.N. Security Council.

This statement is long on rhetoric but short on substance. Its importance, therefore, lies more in the logic and motivations which underpin it. For Iran, two points are significant:

1. The visit contributes to Iran's efforts to counter U.S. attempts to isolate it as a rogue regime. Prime Minister Rao's warm reception for Rafsanjani chips away at the U.S. contention that Iran is a "backlash state" beyond the pale of civilized discourse.
2. The visit also helps promote Iran as a player in the broader Asian context. It follows upon the heels of Iranian Foreign Minister Velayati's recent East Asian tour.

India's approach to Iran focuses on three key issues:

1. Neutralizing Pakistan's "strategic depth" by developing ties with Pakistan's natural friends and allies. In eastern Asia this objective has been in part responsible for India's willingness to enter into discussions on disputed border areas with China and India's willingness to take a more "understanding" view of China's Tibetan policy. In western Asia, Iran is the prime candidate of cultivation. Central Asia is a more distant concern, but clearly is now a part of that "neutralization" equation.

2. Energy access in the 21st century: The Indian economy, although not nearly as dynamic as the Asian "tigers," is growing robustly and with it the demand for reliable energy resources into the 21st century. On that basis alone, Indian interest in the Persian Gulf and Central Asia (particularly for natural gas in Turkmenistan) will intensify. In that context, Iran looms large as one of several important Gulf relationships. (India is also negotiating with Oman for a natural gas pipeline.)

3. The Islamic factor and Kashmir: As the country with the second-largest Muslim population -- including a sizable Shi'ite minority -- India is sensitive to trends and developments in "Political Islam." Here again, Iran looms on India's political screen because of these concerns. More specifically, however, India wants Iran to stay out of its dispute with Pakistan over Kashmir. In that regard, New Delhi scored a success in the joint statement when it secured Iran's agreement about the impact of terrorism in the South Asian context. The term "terrorism" is a codeword for Pakistani support for the Kashmiri militants.

### The Challenges of Containment

Washington's containment policy does have an impact on the evolving Indo-Iranian relationship. Forceful U.S. diplomacy has generally made it difficult to obtain financing for any project in which Iran is involved. This will be true of the India-related projects, the financing of which would be difficult even under the best of circumstances.

But India's interest in Iran also underscores three aspects on the ongoing challenge of containing Tehran:

1. Iran's geographic location, particularly as a bridge between the Indian Ocean and inner western Asia. That location pulls India north, as well as Russia south.
2. Iran as a producer and potential transporter of energy: Iran has neither the resources nor market share of oil super-power Saudi Arabia. Nevertheless, its energy resources and transport access to other resources almost guarantee continued, long-term interest by countries like India, who view their own needs increasing over the next decade.
3. Iran as a market: With a population approaching 60 million and growing, Iran will ever be seen as a potential consumer market, especially by emerging producers like India.

Dr. Stephen Grummon, scholar-in-residence at The Washington Institute, is traveling in India. ❖

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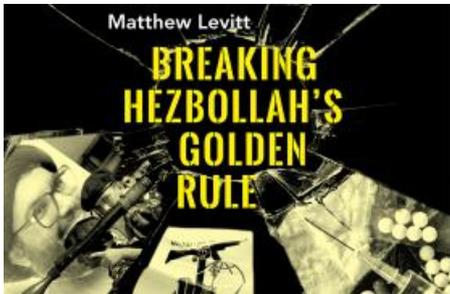


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